



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Adopt Resolution Rescinding Resolution No. 2012-51 Authorizing the City Manager to Terminate the Existing Letter of Agreement with Holz Rubber Company and Execute a Revised Letter of Agreement (\$58,000)

MEETING DATE: June 6, 2012

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Adopt a resolution rescinding Resolution No. 2012- 51 authorizing the City Manager to terminate the existing Letter of Agreement with Holz Rubber Company and execute a revised Letter of Agreement in an amount not to exceed \$58,000.

BACKGROUND INFORMATION: On May 2nd the City Council adopted a resolution authorizing the City Manager to enter into a Letter of Agreement (LOA) with Holz Rubber (HR) for the sale of designated municipal electric distribution facilities in the amount of \$54,676.

Upon further inspection of the installed facilities it has been determined that a portion of the existing equipment and materials need to be replaced with new. HR has agreed to pay the additional charges for the new facilities. There will also be cost savings in replacing these facilities by decreasing the length of outage required for the work which would have had to be performed after hours on overtime. HR agrees to pay any overtime charges associated with this work.

HR has agreed to amend the existing LOA approved by the City Council on May 2, 2012. The revised LOA is in the amount not to exceed \$58,000 plus overtime labor charges, as required.

FISCAL IMPACT: The initial sale of facilities and services will result in revenue to the EUD in the amount of \$58,000. Net fiscal impact is insignificant.

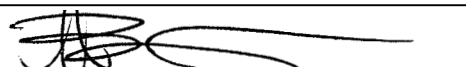
FUNDING: Not applicable.


Elizabeth Kirkley
Electric Utility Director

Prepared By: Rob Lechner, Manager, Customer Service & Programs

EAK/RSL/1st

APPROVED:


Konradt Bartlam, City Manager

LETTER OF AGREEMENT: SALE OF MUNICIPAL FACILITIES

BETWEEN

THE CITY OF LODI

AND

HOLZ RUBBER COMPANY

This Letter of Agreement (LOA) is between the City of Lodi (COL) and Holz Rubber Company (HR). By way of this signed LOA, HR agrees to purchase and maintain designated electric utility facilities as identified on the attached Appendix A.

In summary, HR will purchase one existing transformer, five new transformers and designated overhead electric distribution facilities located at the customer's plant site in the 1100 and 1200 blocks of South Sacramento Street.

In purchasing the aforementioned equipment (transformers and overhead electric distribution facilities), HR also agrees to properly maintain said equipment and pay for all repairs necessary for maintaining said equipment in the event of equipment failure in perpetuity.

The total purchase price of the equipment and associated labor costs listed on Appendix A is in the amount of \$58,000 (not to exceed figure) . *Note: in the event that the labor required to perform this project occurs after COL operating hours (7:00am to 4:30pm, Monday through Friday, excluding holidays and weekends), HR will be charged any/all additional labor costs above and beyond the costs identified on Appendix A.*

HR agrees to compensate the COL in the amount of \$10,000 prior to start of the project, and then payment of the balance in equal amounts the ensuing twenty-four (24) months until the balance is paid in full. The first monthly payment will be due two months following completion of said project.

IN WITNESS HEREOF, the parties hereto have entered into this Letter of Agreement dated June ____, 2012.

HOLZ RUBBER

By: _____

Title: President

CITY OF LODI

By: _____

Konradt Bartlam

Title: City Manager

ATTEST:

Randi Johl, City Clerk

APPROVED AS TO FORM:

D. STEPHEN SCHWABAUER, City Attorney
JANICE D. MAGDICH, Deputy City Attorney

By: _____



APPENDIX ` A

Purchase existing plant & install additional facilities	\$48,200.00	\$0	\$48,200.00
Purchase existing overhead transformer	\$ 8,333.13	\$0	\$ 8,333.13
Labor and material costs to install primary metering equipment	\$1,000.00		\$1,000.00
Total	\$57,533.13		\$57,533.13

Depreciation for overhead material (OHM) based on **40** years service life.

Depreciation for padmount transformer based on 30 years service life.

The scope of work includes, but is not limited to:

- 1) Underbuild a customer owned 12kV line.
- 2) Relocate 12 kV 3-phase metering facility.

RESOLUTION NO. 2012-82

A RESOLUTION OF THE LODI CITY COUNCIL RESCINDING
RESOLUTION NO. 2012-51 AUTHORIZING THE CITY MANAGER
TO TERMINATE THE EXISTING LETTER OF AGREEMENT
BETWEEN THE CITY OF LODI AND HOLZ RUBBER COMPANY
AND EXECUTE A REVISED AGREEMENT FOR THE SALE OF
DESIGNATED MUNICIPAL ELECTRIC DISTRIBUTION FACILITIES

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WHEREAS, on May 2, 2012, the City Council adopted a resolution authorizing the City Manager to enter into a Letter of Agreement (LOA) with Holz Rubber (HR) for the sale of designated municipal electric distribution facilities in the amount of \$54,676; and

WHEREAS, upon further inspection of the installed facilities it has been determined that a portion of the existing equipment and materials need to be replaced with new, and HR has agreed to pay the additional charges for the new facilities; and

WHEREAS, there will also be cost savings in replacing these facilities by decreasing the length of outage required for the work which would have had to be performed after hours on overtime, and HR had, as still does, agreed to pay any overtime charges associated with this work; and

WHEREAS, HR has agreed to amend the existing LOA approved by the City Council on May 2, 2012; and

WHEREAS, the revised LOA is in the amount not to exceed \$58,000 plus overtime labor charges, as required.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby rescind Resolution No. 2012-51 and authorize the City Manager to terminate the existing Letter of Agreement with Holz Rubber Company in an amount not to exceed \$54,676 and execute a revised Letter of Agreement between the City of Lodi and Holz Rubber Company for the sale of designated municipal electric distribution facilities in the amount not to exceed \$58,000 plus overtime labor charges, as required.

Dated: June 6, 2012

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I hereby certify that Resolution No. 2012-82 was passed and adopted by the City Council of the City of Lodi in a regular meeting held June 6, 2012, by the following Vote:

AYES: COUNCIL MEMBERS – Hansen, Johnson, Katzakian, Nakanishi, and
Mayor Mounce

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None


RANDI JOHL
City Clerk

2012-82